

BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption¹ and implementation² of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

Use of Information

Please refer to the [Disclaimer](#) published on the Compliance Program website.

ACTION PLAN

IFAC Member:	Institute of Certified Public Accountants in Israel
Approved by Governing Body:	Iris stark, CPA, MBA, Chair, BOD
Original Publish Date:	August 2011
Last Update:	September 2021
Next Update:	September 2024

¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

² *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

GLOSSARY

CEO	Chief Executive Officer
CHEI	Israeli Council for Higher Education
CPA	Certified Public Accountant
CPD	Continuing Professional Development
ED	Exposure Draft
GAAP	Generally Accepted Accounting Principles
I&D	Investigation and Discipline
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
ICPAI	Institute of Certified Public Accountants in Israel
IESs	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IGASB	Israel Government Accounting Standards Board
IIASB	Israeli Accounting Standards Board
IOB	Israeli Oversight Board
IPSASs	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISAs	International Standards on Auditing
ISQC	International Standard of Quality Control
NSSs	National Standard Setters
QA	Quality Assurance
SMEs	Small and Medium Entities
SMOs	Statements of Membership Obligations
SMPs	Small and Medium Practices
US PCAOB	United States Public Company Accounting Oversight Board

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Use best endeavors to ensure an effective quality review program is in place for all members offering audit and assurance services considering large entities as well as SMPs.

Background

Israeli companies that are subject to the Israel Securities Law, including companies whose securities are traded on foreign stock exchanges, except those which are subject to oversight of the United States Public Company Accounting Oversight Board (U.S. PCAOB),(hereinafter- "listed companies") are under the review of the Israeli Oversight Board (IOB).Although there are no laws or regulations in Israel establishing QA review requirements as conducted by IOB, all firms of certified public accountants that audit the financial statements of listed companies in Israel, with no exception, are subject to the QA review program of IOB. Members of the Institute of Certified Public Accountants in Israel (ICPAI) who do not audit listed companies and wish their firm to be inspected may voluntarily join the oversight process. The Institute encourages firms to voluntarily participate in the process.

IOB is a subsidiary of ICPAI governed by an independent Board of Directors. The president of ICPAI is the chair of IOB. Members of the board of IOB include prominent practitioner CPA's as well as public figures who are not practitioner CPA's such as former members of the Auditor's Council (Ministry of Justice), representative of the Israeli Finance Authority, members of academy etc.

The IOB has set, at its own discretion, the date and frequency of the inspection. Nevertheless inspections of firms will be undertaken not less than once every three years. However, inspection of large firms will be undertaken annually.

In administering its inspections the IOB coordinates with regulators, including the:

Auditors' Council (Ministry of Justice) - The Board will advise the Auditors' Council of circumstances where it has revealed significant violations of the Auditors' Law and Regulations.

Securities Authority - The Board will advise the Securities Authority of every report to the Auditors' Council, as noted above. In addition, the Board will also advise the Securities Authority of any pervasive default in performing audits of public companies and of specific cases where accounting firms failed significantly to adhere to Authority's rules.

The Supervisor Of Banks: Bank Of Israel- The Board will advise the Supervisor of Banks on a basis similar to the reporting to Securities Authority regarding the audit of banking institutions.

ICPAI is currently at the final stages of the adoption of ISQC 1 and ISA 220. In this regard please see SMO 3.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Aligning Quality Assurance Review System with the Requirements of SMO 1</i>					
1.	Ongoing Annually	Hold a quarterly meeting with the Board of Directors to receive a detailed and thorough report on the quality assurance reviews. The Board of Directors outlines the IOB's policy, oversees its adoptions, and holds deliberations regarding its work plan and the findings of its reviews.	Ongoing Annually	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB
2.	Ongoing Annually	Draft a report on the broad findings that were uncovered during the reviews. The IOB annual report on the broad findings uncovered in its inspections is published in IOB's website: https://peerreview.icpas.org.il/	Last annual report was published in February 2020 (See attached link). This year's report is due in early 2021.	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB,
3.	Ongoing annually	If necessary, the Board recommends new professional rules following the findings.	Ongoing annually	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB,
4.	Ongoing annually	Approve the report which includes the conclusions from the review and present the report to the Securities Authority.	Last year's annual report was submitted to the Securities Authority in February 2020. This year's report is expected to be submitted in early 2021. In addition, as stated under #2, the IOB annual report on the broad findings uncovered in its inspections is also published in IOB's website. https://peerreview.icpas.org.il/	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB,
5.	Ongoing Annually	The conclusions of the quality assurance review are issued to the reviewed firm upon completion. Reviewed firms provide a written response, which is attached to the review report. In all cases the review team receives the previous written report and the firm's response which enables the team to follow up on weaknesses that were corrected or to perform follow up control.	Ongoing Annually	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Reporting to the Public</i>					
6.	Ongoing Annually	Publish a summary of the report on the Institute's website.	Last year's report was published in February 2020. This year's report is expected in early 2021.	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB
<i>Maintaining Ongoing Process</i>					
7.	Ongoing	Continue to ensure that the Oversight Board is operating effectively and continues to be in line with the SMO 1 requirement. ICPAI intends to review the revised requirements of SMO 1, and take actions, where applicable and to the extent needed.	Ongoing Continuously	IOB Board of Directors/ICPAI	
8.	Ongoing Continuously	Follow up on the review team's work and address deficiencies encountered in the oversight.	Ongoing Continuously	Mr. Joseph Benaltabet CPA Prof. Director IOB	
9.	Ongoing Continuously	Continue to prepare clarifications as to the importance of the review, the creation of several teams, and raise the awareness of the firms being reviewed.	Ongoing Continuously	IOB Board of Directors /Mr. Joseph Benaltabet CPA Prof. Director IOB	
<i>Review of ICPAI's Compliance Information</i>					
10.	Ongoing Annually	Review the SMO 1 requirements annually as there may have been changes to the legislative and or administrative landscape. Carry out periodic review of ICPAI's responses to the IFAC self-assessment questionnaires and update sections relevant to SMO 1 as necessary. Once updated, inform IFAC Compliance staff about the updates in order for them to republish updated information.	Ongoing Annually	The Professional Staff and Council of ICPAI	

Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
<p>Scope of the System</p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>				<p>Comments for all the requirements of SMO1: The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.</p>
<p>Quality Control Standards and Other Quality Control Guidance</p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>				<p>The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.</p>
<p>3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.</p>				<p>The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.</p>
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>				<p>The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.</p>
<p>Review Cycle</p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>				<p>The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.</p>
<p>6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).</p>				<p>The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.</p>

Requirements	Y	N	Partially	Comments
QA Review Team 7. Independence of the QA Team is assessed and documented.				The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.
8. QA Team possesses appropriate levels of expertise.				The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.
Reporting 9. Documentation of evidence supporting the quality control review report is required.				The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.				The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.
Corrective and Disciplinary Actions 11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.				The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.
12. QA review system is linked to the Investigation and Discipline system.				The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.
Consideration of Public Oversight 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.				The IOB remains the oversight board and at the moment there are no plans to replace it.
Regular Review of Implementation and Effectiveness 14. Regular reviews of implementation and effectiveness of the system are performed.				The ICPAI is at the final adoption stages of ISQC1 and ISA 220. In this regard, please see SMO 3.

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: Provide a framework for Continuing Professional Development (CPD) in accordance with the ongoing professional changes

Background

According to The Auditors Law 5715-1955, The Israeli legislator is responsible for passing the relevant law and regulations regarding the whole profession, including learning programs and education standards. The regulator has set the programs towards achieving CPA qualification.

The ICPAI uses its best endeavors to persuade the regulator to pass laws and regulations in accordance with the International Education Standards (IESs). Accountancy education takes place in the universities. Israeli Universities are under the academic supervision of the Israeli Council for Higher Education (CHEI) and the professional supervision of the Auditors' Council (Ministry of Justice). The Council is the body responsible for the professional accountancy education program. The Institute's members on the Council are actively involved working to support the incorporation of IESs in university accountancy education.

Completion of a final assessment is necessary in order to become an auditor in Israel. The Auditors' Council (Ministry of Justice) is the body responsible for conducting the final assessment. This examination is uniform for all candidates and is given in comprehensive written format. In order to sit for the examination, candidates must typically have completed a B.A. in Accountancy.

Practical experience in the field of audit is required to practice in Israel as an auditor. The Auditors' Council approves the place of practical experience attainment (apprenticeship). The requirement for two years of practical experience is achieved under the supervision of a "coach" who has been approved to act as a "coach" by the Council. There are exceptions: The Auditors' Council may approve apprenticeship in other bodies such as the Securities Authority, the Tax Authority and large public corporations. The conditions are: 1. The apprenticeship must take place where audit and assurance work is performed. 2. The apprenticeship takes place under the supervision of a CPA who has been approved by the Council as a "coach". 3. On occasion, the period of apprenticeship is 1 year, and the additional year is to be carried out in a CPA firm.

Regarding the CPD, the ICPAI has established the Institute for Continuing Professional Education and Certificate Programs which prepares a wide cadre of relevant professional and managerial subjects. As part of the Institute's efforts towards mandatory CPD for all professional accountants, we record, monitor and verify members' participation and grant the participants with special certificates approving their participation in the courses, in order to expand the areas of practice of the members, while specializing in specific issues. The advanced training allows the accountants to be quickly updated on the variety of changes that the profession undergoes in the areas of standardization, taxation and accounting reporting.

the Institute for Continuing Education and Certificate Studies had certificate courses on the following topics: Entering the Accountant's World -PROVIDING practical tools for day-to-day management BUSINESS, Digital Marketing, Introduction to Retirement Planning, International Taxation, Auditing Investigation (investigative review ביקורת חקירתית), VAT, Risk Management, The Annual Meeting at the Tel Aviv Museum on the Subject: Audit of Local Authorities, Real Estate Taxation, Directors, and Valuations tools and methods- step by step.

The lectures were attended by the best lecturers who serve as experts in the various courses, with the preference of accountants of bureau members, senior tax authority officials, regulators, leading lawyers and judges, who shared their experience with bureau members on issues relevant to members' occupations.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Preparations for the Adoption of CPD requirements</i>					
11.	2003	Establishment of the Institute for Continuing Professional Education and Certificate Programs. The school's programs include study courses that are between 24-48 hours long, half day study sessions, seminars, workshops, conferences and congresses.	Completed	David Goldberg, CPA (Isr)	Institute for Continuing Professional Education and Certificate Programs
<i>Maintaining Ongoing Processes</i>					
12.	Ongoing annually	Prepare the schedule of CPD events and courses (Every 3 months). The events cover a variety of professional subjects that are relevant to the work of the CPA / auditor, including various complimentary disciplines such as: a Company Directors Course, a CFO course, an Understanding Governmental Accounting course, an Investigative Auditing course, an IFRS course, a New Auditing Standards course, a Risk Management course, a Valuation Models course, a Payroll Auditor course, and a Labor and Employment Law course. The syllabus ensures that changes in tax laws, revisions of existing and \ or the introduction of new auditing and accounting standards are incorporated. Furthermore, the study of the implementation of new legislation is included, as it is relevant to accountants.	Ongoing annually	Elina Frenkel Ronen, CPA (Isr) and professional lecturers	Technical staff together with individual lecturers
13.	Ongoing Monthly	Send all information about CPD to all members by mail and e-mail and other social networks media in form of a Newsletter, and publish on the ICPAI website under <i>CPD Courses</i> .	Ongoing Monthly	Elina Frenkel Ronen, CPA (Isr)	Institute for Continuing Professional Education and Certificate Programs
14.	Ongoing	Since January 1, 2015, ICPAI has created and implemented an incentive program, which gives points for every Continuing Professional Development course and seminar completed by our members. The CPD courses are voluntary, and serve the needs of our members to remain up to date in the Accountancy profession. ICPAI gives Honorary Distinction Certificates to the members who have received the most points for their participation in CPDs.	Ongoing	Elina Frenkel Ronen, CPA (Isr)	Institute for Continuing Professional Education and Certificate Programs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Obtaining Recognition of the Regulator</i>					
15.	Ongoing	The Institute has negotiated, with the assistance of representatives from the Treasury, for the recognition of its professional study system, in order that civil servants can formally approach the Institute's bodies, which deal with continuing professional development, and obtain recognition and also points, which are also recognized in accordance with the rules governing civil servants.	Ongoing	Elina Frenkel Ronen, CPA (Isr)	Institute for Continuing Professional Education and Certificate Programs
16.	Ongoing	The Institute believes that the combination of assessments on a voluntary basis, together with the formal arrangements in the public sector will also lead, at the end of the day, to a complementary process in the legislation and in accordance with the pronouncements by IFAC.	Ongoing	Elina Frenkel Ronen, CPA (Isr)	Institute for Continuing Professional Education and Certificate Programs
<i>Maintaining Ongoing Processes</i>					
17.	Ongoing	Carry out the activities of the school throughout the country, on a similar basis, in order to maintain uniformity. Continue to use best endeavors to ensure that the Institute's education requirements reflect the changes in the profession and the professional landscape, update the members to ensure they maintain professional competence.	Ongoing	Elina Frenkel Ronen, CPA (Isr) and professional lecturers	Institute for Continuing Professional Education and Certificate Programs
<i>Review of ICPAI 's Compliance Information</i>					
18.	Ongoing	Carry out periodic review of ICPAI's response to the IFAC self assessment questionnaire and update sections relevant to SMO 2 as necessary. Once updated, inform IFAC compliance staff about the updates in order for them to republish updated information.	Ongoing Annually	Elina Frenkel Ronen, CPA (Isr)	Institute for Continuing Professional Education and Certificate Programs

Action Plan Subject: SMO 3—International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Continue to use best endeavors to maintain ongoing processes of translation and adaptation of IAASB Pronouncements

Background

The Institute of Certified Public Accountants in Israel is the entity responsible for establishing auditing standards which are obligatory. ICPAI's authority to establish auditing standards is set out in the Auditors Regulations (ways of the Auditor's Practice) 5715-1973, which states, among others, that an auditor who acted in accordance with a standard, rule or guidance of ICPAI, which do not contradict explicitly or implicitly other regulation of the Auditors Regulations, is seen as a one who acted in accordance with generally accepted auditing standards, unless it is proven that his action was not reasonable given the circumstances.

The ICPAI continues the process of adopting IAASB standards. Recently the ICPAI has published a new code for all auditing standards (using the ISAs authorized current numbers) which ICPAI have practically issued a full set of auditing standards based either on the clarified or pre-clarified ISAs. In these days Quality control auditing standards (based on ISQC1 and ISA 220) are in the process of final approval. The work plan for the years 2020-2022 is to adopt the new standards relating to the new auditor's report, as detailed below:

The Israel Auditing Standards Committee, which is an integral part of ICPAI, is responsible for:

- Ongoing review of IAASB Pronouncements
- Recommending the IAASB Pronouncements to be adopted by the ICPAI
- Ongoing monitoring of IAASB work program to identify new drafts and final standards
- Review the EDs and Pronouncements of International Standards on Auditing (ISAs) and prepare recommendations for their adoption in Israel with the plan to develop a translated version
- Making the appropriate adaptations to the ISAs given specific circumstances that exist in Israel (e.g., laws and regulations)
- Review of the translation into Hebrew
- Examine the appropriateness of the translations and compliance with the Israeli standardization and regulation.

As of October 2020, the Committee has issued nine standards that are based on the Clarified ISAs (ISAs 560, 230, 200, 320, 450, 580, 250 and 220 in addition to ISQC1), with eight other Clarified ISAs being in the process of being adopted or revised. All of them relating to the auditor's report – ISAs 700, 701, 705, 706, 710, 260, 265 and 720.

Most other standards are based on previous versions of ISAs and some standards are independently developed where no ISA is available to deal with a specific issue (e.g., consent letters, joint audits, SOX-related standards).

The Institute for Continuing Professional Education and Certificate Programs (see SMO 2) has conducted several seminars with regard to implementing auditing standards. ICPAI plans to provide ongoing seminars with regard to future new standards.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Reviewing the adaptations needed to be made in ISAs to accommodate local circumstances</i>					
19.	Ongoing	Reviewing an ISA which is included in the work plan and comparing it with equivalent auditing standards in selected countries around the world in order to learn about adaptations made by other countries.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
20.	Ongoing	Establishing the adaptations needed to be made in ISAs to accommodate local circumstances (e.g. local laws and regulations).	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
<i>Furthering the Development of the Hebrew Language Translation Process</i>					
21.	Ongoing	Selection of a specialized translation personnel to ensure the ongoing translation of the standards and draft standards as issued by IAASB.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
22.	Ongoing	Completion of the translation in accordance with the agreed plan by the specialized personnel selected to perform the ongoing translation of the standards.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
23.	Ongoing	The committee reviews the translated standards.	Ongoing	Chair: Mrs. Galit Niv-Bourshan (Isr.)	The Israel Auditing Standards Committee
24.	Ongoing	Approval of the translation as performed by the selected company and reviewed by the committee in accordance with the approved plan and approval of the translation.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
<i>Adoption of IAASB Pronouncements</i>					
25.	Ongoing	The committee approves the standard. Following the approval, the standard is approved by the Institute's Professional Council which receives the standards for remarks and approval.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.) and Chair: Mr. Arnon Ratzkovsky	The Israel Auditing Standards Committee and the Professional Council
26.	Ongoing	The ICPAI staff publishes an exposure draft on the ICPAI website for public comments. All regulatory bodies receive the ED for comments.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
27.	Ongoing	Comments received are discussed by the Committee (usually after a public hearing) for final approval.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
28.	Ongoing	The Professional Council receives the modified standards for comments.	Ongoing	Chair: Mr. Arnon Ratzkovsky	Professional Council
29.	Ongoing	The steering committee discusses and approves the standards for final approval by the Executive Board.	Ongoing	Chair: Mr. Eli Goldstein	Audit Standards Steering Committee
30.	Ongoing	The Institute's Executive Board receives the standards for final approval.	Ongoing	Executive Board	Executive Board
<i>Maintaining Ongoing Process – overview for the years 2016-2018</i>					
31.	H1/2017	A new code for all auditing standards (using the ISAs authorized current numbers) which ICPAI have practically issued a full set of auditing standards based either on the clarified or pre-clarified ISAs	H2/2018	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
32.	H1 / 2018	The Committee reviewed and adopted ISA 220 - Quality Control for an Audit of Financial Statements	H2 / 2020	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
33.	H1 / 2018	The Committee reviewed and adopted ISQC1- Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements	H2 / 2020	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
34.	H1 / 2020	The Committee is reviewing the adoption of new ISAs relating to the Auditor's Report (700 series: ISAs 700, 701, 705, 706, 710, 260, 265 and 720)	2023	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
35.	H1/2017	A new code for all auditing standards (using the ISAs authorized current numbers) which ICPAI have practically issued a full set of auditing standards based either on the clarified or pre-clarified ISAs	Completed in 2018	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
36.	H1 / 2018	The Committee reviewed and adopted ISA 220 - Quality Control for an Audit of Financial Statements	H2 / 2020	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
37.	H1 / 2018	The Committee reviewed and adopted ISQC1- Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements	H2 / 2020	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
38.	H1 / 2020	The Committee is reviewing the adoption of new ISAs relating to the Auditor's Report (700 series: ISAs 700, 701, 705, 706, 710, 260, 265 and 720)	2023	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Process</i>					
39.	Ongoing	Continue to raise members' awareness of these standards and assist them in the application of the standards.	Ongoing	Israel Auditing Standards Committee	Professional Staff
40.	Ongoing	Continue to ensure members are kept fully aware of the standards by a communications plan which includes: <ul style="list-style-type: none"> • Updating the Institute's Webpage • Conducting CPD events that include: study courses, seminars, congresses. • Publish in our Newsletter • Publish in our journal (sent by mail to all members). 	Ongoing	Israel Auditing Standards Committee	Professional Staff
<i>Review of ICPAI's Compliance Information</i>					
41.	Ongoing	Continue to perform periodic reviews of the response to the IFAC self assessment questionnaire and update sections relevant to SMO 3 as necessary. Once updated, inform the compliance staff about the updates in order for them to republish	Ongoing Annually	Israel Auditing Standards Committee	Professional Staff

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Continue to use best endeavors to maintain ongoing process to implement the IESBA Code of Ethics (COE)

Background

In Israel, Ethical standards are set by two autonomous legislations:

1. The Auditors Law 5715-1955 which includes Auditors Regulations (Inappropriate Conduct of Professional Behavior 5725-1965) as set by the State (the - "**Regulations**").
2. Rules of Ethical behavior as set by the ICPAI according to its Article of Association (the - "**ICPAI Rules**").

The ethical behavior requirements included in the Regulations are similar to the ICPAI Rules.

Both Rules and regulations deals with the requirement of CPA's proper behavior in the following aspects: Integrity, honesty, moral attitude, independence. Impartiality, no conflict of interest, professional attitude, secrecy, personal responsibility, no soliciting, limitation on publicity and others. The ICPAI can impose only its own rules. The ICPAI maintains, through its Ethics committee, procedures for providing explanations, guidance and opinions concerning ethical matters introduced either by ICPAI members or others including anonymous approaches. The Ethics Committee supervises the implementation of the ICPAI Rules and makes its recommendations to the Board of Directors of actions to impose said rules. Matters of significance are brought to the members' knowledge by ICPAI publications.

#	Start Date	Actions	Completion Date	Responsibility	Resource
---	------------	---------	-----------------	----------------	----------

Identifying Potential Departures from IESBA Code of Ethics and Promote Convergence

42.	Ongoing	<p>Promote the convergence of the Ethics standards and the Independence standards of the IESBA Code of Ethics within the Ministry of Justice and the other regulatory authorities as appropriate. As a result of our efforts, the Ministry of Justice promulgated in 2008 regulations regarding the proper behavior of CPAs in respect of no conflict of interest and impartial conduct which are also in line with the ICPAI code of ethics</p> <p>The staff of the Israeli Securities Authority has published in 1992 a public decision according to law concerning the independence of auditor from its audit clients in the listed companies sector, which are also in line with the ICPAI code of ethics</p>	Ongoing	President and members of the Board	President and members of the Board
-----	---------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------	------------------------------------	------------------------------------

#	Start Date	Actions	Completion Date	Responsibility	Resource
43.	Ongoing	Review the IESBA Code of Ethics and compare the standards with current ethical and independence requirements currently included in the Rules of the ICPAI.	Ongoing up to 2024	Ethics Committee	Committee Members and professional Secretary of the committee
44.	Ongoing	Identify gaps in Ethics Codes and provide advice for closing these gaps.	Ongoing up 2027	Arie Rapaport Chair of Ethics Committee	Ethics Committee
<i>Raising Awareness of Resources to Support Implementation of IESBA Code of Ethics</i>					
45.	Ongoing	Act for awareness for implementation of IESBA's guidance among ICPAI members. Though publications of decisions and clarifications <i>ופרסומי הלשכה ובאתר הלשכה וסרטונים</i>	Ongoing	Educational Committees	Lectures and publications
<i>Maintaining Ongoing Processes</i>					
46.	Ongoing	Monitoring of standard-setting activities of the IESBA and updating the Action Plan for further activities where necessary.	Ongoing	Arie Rapaport Chair of Ethics Committee	Committee members
47.	Ongoing	Continue to promote awareness of changes in ethical requirements to ICPAI members through the courses, conferences, and professional publications.	Ongoing	Educational Committees	Lectures and publications
<i>Review of ICPAI's Compliance Information</i>					
48.	Ongoing	Carry out periodic review of ICPAI's responses to the IFAC self assessment questionnaires and update sections relevant to SMO 4 as necessary. Once updated, inform IFAC compliance staff about the updates in order for them to republish updated information.	Ongoing Annually	Arie Rapaport Chair of Ethics Committee	Chairman of Ethics Committee and President

Action Plan Subject: SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue to use best endeavors to assist in the adoption and implementation of IPSAS

<i>Background</i>					
<p>In 2005 the Israel Government Accounting Standards Board (IGASB) was established in order to adopt the International Public Sector Accounting Standards (IPSASs) published by the International Public Sector Accounting Standards Board (IPSASB), an independent standard setting board operating under the auspices of IFAC. In May 2011, the IGASB published the translated IPSAS Guide (in Hebrew) which includes 21 IPSASs. In 2012, the IGASB published two additional IPSASs.</p> <p>The role of ICPAI has been to support the education and training of professionals in the area of IPSASs and public financial management through technical conferences and CPD offerings. ICPAI intends to continue these efforts to further IPSAS implementation.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing Education of Members</i>					
49.	Ongoing	<p>Develop and deliver technical conferences for ICPAI members to inform participants about the IPSASs and foster discussion of significant aspects.</p> <p>Consider new and important trends in IPSAS implementation and changes/ amendments to IPSAS in the development of conferences.</p>	<p>May 2005</p> <p>January 2011</p> <p>Ongoing</p>	Institute for Continuing Professional Education and Certificate Programs	Technical Staff together with individual lecturers
50.	Ongoing	<p>Organize CPD lectures at national conferences for CPAs to broaden understanding of IPSASs and raise awareness of the issues of IPSAS adoption and implementation among a broader audience.</p> <p>ICPAI developed 2 CPD courses, 32 academic hours each course on IPSASs.</p>	<p>Ongoing</p> <p>2012-2013</p>	Institute for Continuing Professional Education and Certificate Programs	Technical Staff together with individual lecturers
<i>Technical Support for our Members</i>					
51.	Ongoing	<p>Continue "Professional Consultation" over the phone: We offer members a telephone service ("the Red line") whereby they may make oral inquiries on technical matters, including public sector accounting and auditing. In addition, members may request written replies from our technical department on technical issues.</p>	Ongoing	ICPAI Technical Secretary	Technical Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ICPAI's Compliance Information</i>					
52.	Ongoing	The SMO Action Plan will be reviewed periodically and updated as necessary by the staff responsible for the relevant area of activities.	Ongoing Annually	ICPAI Technical Secretary	Technical Staff

Action Plan Subject: SMO 6—Investigation and Discipline
Action Plan Objective: ICPAI will continue to promote the subjects that are connected to SMO 6 in the legislation.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>The function of Investigation and Discipline (I&D) in Israel is in effect dealt with both by the regulator which is the Auditors' Council (the statutory body subordinated to the Ministry of Justice) and the ICPAI.</p> <p>The Auditors Council addresses all complaints concerning breaches of professional misconduct or breaches of ethical requirements as stated in the Auditors Law and Regulations. Complaints filed by various bodies including individuals are thoroughly investigated. Where applicable, the Council appoints an Investigation Committee to examine the complaint. The investigative process within the Council is not in lieu of the process required if the auditor broke a State law, but the Auditors' law and regulations. The Council can impose penalties including reprimand, loss or restriction of practice rights, fine\payment and/of charge costs, loss of professional title.</p> <p>The Auditors' Council has the judicial authority equivalent to a District Court. The Supreme Court of Israel sits as an appellate court.</p> <p>The ICPAI has a Disciplinary Tribunal which has the authority to administer sanctions against members violating its Rules. The Ethics Committee recommends and issues an appeal, subject to the Board of Director's approval, to the ICPAI Disciplinary Tribunal against member violating ICPAI Rules. The Disciplinary Tribunal is an institution formed according to ICPAI Article of Association abiding all its members.</p> <p>The ICPAI internal court, finding a member guilty of violating ICPAI rules, may impose the following sanctions on the member:</p> <ul style="list-style-type: none"> (A) A warning (B) A reprimand (C) Denying membership in the ICPAI for certain period. (D) Expelling from membership in the ICPAI (E) Imposing payment not exceeding NIS 6,000 (app. \$ 1,700) to ICPAI. (F) Publication of verdict or part of it. (G) Imposing payment of hearing costs. <p>Suggestions for amendments to the Auditors' Law and regulations are introduced to the ICPAI for response prior to being brought before the legislators.</p> <p>In addition, the ICPAI addresses the Minister of Justice and the Israeli Parliament's Constitution, Law and Justice Committee to promote issues considered important for the State and or the profession.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Enhancing the Investigation and Disciplinary Mechanisms in Line with SMO 6 Requirements</i>					
53.	Ongoing	Hold meetings between the Institute's representatives and those of the Ministry of Justice representatives throughout the year. Note: Subjects connected to SMO 6 are fully covered by the collaboration between the ICPAI and the Auditors' Council.	Ongoing	President, CEO, Members of the Board	President, CEO, Members of the Board
<i>Maintaining Ongoing Processes</i>					
54.	Ongoing	Raising awareness of I&D by embedding the requirements within the framework of ICPAI conferences and professional development courses, initiated, organized or sponsored by the ICPAI.	Ongoing	Educational Committees	Educational Committees
55.	Ongoing	Continue the requirement for each new member of the ICPAI to sign a written declaration stipulating adherence to the code and commitment according to the Ethical code and other professional standards, rules and requirements.	Ongoing	CEO	ICPAI Staff
56.	Ongoing	Continue the communication between ICPAI Board and the Auditors' Council regarding inappropriate behavior.	Ongoing	President, CEO, Members of the Board	President, CEO, Members of the Board
<i>Review of ICPAI's Compliance information</i>					
57.	Ongoing	Carry out periodic review of ICPAI's response to the IFAC self assessment questionnaires and update sections relevant to SMO 6 as necessary. Once updated, inform IFAC compliance staff about the updates.	Ongoing	President, Ethics Committee	Ethics Committee

Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.				
2. Information about the types of misconduct which may bring about investigative actions is publicly available.				
Initiation of Proceedings				
3. Both a "complaints-based" and an "information-based" approach are adopted.				
4. Link with the results of QA reviews has been established.				
Investigative Process				
5. A committee or similar body exists for performing investigations.				
6. Members of a committee are independent of the subject of the investigation and other related parties.				
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.				
8. Members of the committee/entity include professional accountants as well as non-accountants.				
9. The tribunal exhibits independence of the subject of				

Requirements	Y	N	Partially	Comments
the investigation and other related parties.				
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.				
Rights of Representation and Appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.				
Administrative Processes 12. Timeframe targets for disposal of all cases are set.				
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.				
14. Records of investigations and disciplinary processes are established.				
Public Interest Considerations 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.				
16. A process for the independent review of complaints on which there was no follow-up established.				
17. The results of the investigative and disciplinary proceedings are made available to the public.				

Requirements	Y	N	Partially	Comments
Liaison with Outside Bodies 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.				
Regular Review of Implementation and Effectiveness 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.				

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Support implementation of International Financial Reporting Standards (IFRSs)

<i>Background</i>					
<p>IFRSs were adopted by all public (listed) companies in Israel. The Israeli Accounting Standards Board (IIASB) promulgated Accounting Standard Number 29 in this respect, which has been adopted as mandatory requirement by the Israeli Securities Authority. The implementation was unconditional and with no exceptions from IFRSs. The ICPAI was in charge of the coaching of both reporters and auditors.</p> <p>Currently, private companies are allowed (but not required) by the IIASB to adopt IFRSs instead of Israeli GAAP. The IIASB promulgated Accounting Standard Number 32, allowing private entities to choose adoption of either Israeli GAAP, full IFRS or if applicable IFRS for SMEs, commencing in 2011. In recent years the IIASB develops new accounting standards in the framework of Israeli GAAP based on full IFRS and certain adjustments from IFRS for SMEs or other adjustments suitable for non-listed entities.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Development of a Strategy for IFRS for SMEs Adoption and Implementation</i>					
58.	July 2010	Together with the IIASB, continue monitoring the financial reporting needs of private companies.	December 2016	IIASB, ICPAI	ICPAI Subcommittee for Accounting Standards and Financial Reporting
59.	August 2011	<p>Together with the IIASB, conduct a study of the implementation of IFRS for SMEs worldwide.</p> <ul style="list-style-type: none"> • In 2014, the IASB has promulgated the revised IFRS for SMEs. Therefore, the study initiated in 2011 has been postponed until 2016, when it is anticipated to resume. 	December 2016	IIASB, ICPAI	ICPAI Subcommittee for Accounting Standards and Financial Reporting
60.	January 2014	<p>New standards under Israeli GAAP are built and examined, in light of the corresponding standards in full IFRS and certain chapters in IFRS for SMEs:</p> <ol style="list-style-type: none"> 1. Israeli Accounting Standard 10, Provisions, Contingent Liabilities and Contingent Assets based on IAS 37. 2. Israeli Accounting Standard 22 (revised), Financial Instruments: Presentation based on IAS 32. 3. Israeli Accounting Standard 34, Presentation of Financial based on IAS 1. 4. Israeli Accounting Standard 35, Accounting policies, Changes in Accounting Estimates and Errors based on IAS 8. 	Ongoing	IIASB, ICPAI – Mrs. Yael Gerassi and Mr. Arnon Ratzkovsky	ICPAI Subcommittee for Accounting Standards and Financial Reporting

		<p>5. Israeli Accounting Standard 38, Non-current Assets Held for Sale and Discontinued Operations based on IFRS 5.</p> <p>6. Israeli Accounting Standard 39, Employee Benefits based on IAS 19 and Chapter 28 of KFRS for SMEs.</p>			
<i>Maintaining Ongoing Processes</i>					
61.	Ongoing	Continue to promote awareness of changes in IFRSs and financial reporting requirements to ICPAI membership through the inclusion of these modifications in ICPAI professional development courses, conferences, and professional publications.	Ongoing	ICPAI	ICPAI Subcommittee for Accounting Standards and Financial Reporting
62.	Ongoing	Monitoring standard-setting activities of the IASB and updating the Action Plan for further activities where necessary.	Ongoing	ICPAI – Mrs. Yael Gerassi and Mr. Arnon Ratzkovsky	ICPAI Subcommittee for Accounting Standards and Financial Reporting
<i>Review of ICPAI Compliance Information</i>					
63.	Ongoing	Carry out periodic review of ICPAI's response to the IFAC self-assessment questionnaires and update sections relevant to SMO 7 as necessary. Once updated, inform IFAC compliance staff about the updates in order for them to republish updated information.	Ongoing Annually	ICPAI	ICPAI Subcommittee for Accounting Standards and Financial Reporting